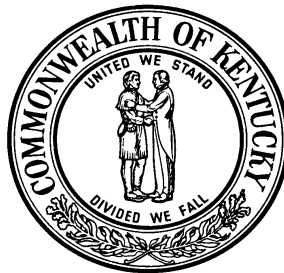


**REPORT OF THE AUDIT OF THE
WAYNE COUNTY
CLERK**

**For The Year Ended
December 31, 2007**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**105 SEA HERO ROAD, SUITE 2
FRANKFORT, KY 40601-5404
TELEPHONE (502) 573-0050
FACSIMILE (502) 573-0067**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE WAYNE COUNTY CLERK

**For The Year Ended
December 31, 2007**

The Auditor of Public Accounts has completed the Wayne County Clerk's audit for the year ended December 31, 2007. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$64,193 from the prior year, resulting in excess fees of \$207,919 as of December 31, 2007. Revenues increased by \$289,839 from the prior year and expenditures increased by \$225,646.

Report Comments:

2007-01 The County Clerk's Office Lacks Adequate Segregation Of Duties
2007-02 The County Clerk Should Improve Recordkeeping
2007-03 The County Clerk Should Eliminate The Deficit Of \$87,056 With Personal Funds
2007-04 The County Clerk Should Properly Account For Receivables
2007-05 The County Clerk's Expenditures Should Be Reasonable And Necessary
2007-06 The County Clerk Should Deposit Revenues Intact Daily

Deposits:

The County Clerk's deposits as of May 9, 2007, were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$15,426

The County Clerk's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the County Clerk's deposits in accordance with the security agreement.

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS	3
NOTES TO FINANCIAL STATEMENT.....	6
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS - REGULATORY BASIS	9
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	13
COMMENTS AND RECOMMENDATIONS	17



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Greg Rankin, Wayne County Judge/Executive
The Honorable Melissa Turpin, Wayne County Clerk
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Wayne County, Kentucky, for the year ended December 31, 2007. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2007, in conformity with the regulatory basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The schedule of excess of liabilities over assets is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2008, on our consideration of the Wayne County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,



The Honorable Greg Rankin, Wayne County Judge/Executive
The Honorable Melissa Turpin, Wayne County Clerk
Members of the Wayne County Fiscal Court

and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2007-01 The County Clerk's Office Lacks Adequate Segregation Of Duties
- 2007-02 The County Clerk Should Improve Recordkeeping
- 2007-03 The County Clerk Should Eliminate The Deficit Of \$87,056 With Personal Funds
- 2007-04 The County Clerk Should Properly Account For Receivables
- 2007-05 The County Clerk's Expenditures Should Be Reasonable And Necessary
- 2007-06 The County Clerk Should Deposit Revenues Intact Daily

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Wayne County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

August 5, 2008

WAYNE COUNTY
MELISSA TURPIN, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2007

Revenues

State Fees For Services	\$	9,084
-------------------------	----	-------

Fiscal Court		7,849
--------------	--	-------

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$ 686,878	
Usage Tax	945,516	
Tangible Personal Property Tax	1,209,941	
Lien fees	12,016	

Other-

Fish and Game Licenses	1,540	
Marriage Licenses	6,142	
Occupational Licenses	1,455	
Recycling Fee	216	
Notarization fees	5,887	
Deed Transfer Tax	44,780	
Delinquent Tax	124,548	
		3,038,919

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	22,865	
Real Estate Mortgages	40,717	
Chattel Mortgages and Financing Statements	65,673	
Powers of Attorney	1,983	
All Other Recordings	33,070	

Charges for Other Services-

Candidate Filing Fees	120	
Copywork	3,872	
		168,300

Other:

Service Charge Checks	50	
Credit Card Fees	391	
Miscellaneous	487	
		928

Interest Earned		1,419
-----------------	--	-------

Total Revenues		3,226,499
----------------	--	-----------

The accompanying notes are an integral part of this financial statement.

WAYNE COUNTY
MELISSA TURPIN, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2007
(Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	477,775	
Usage Tax		917,004	
Tangible Personal Property Tax		458,379	

Licenses, Taxes, and Fees-

Fish and Game Licenses		1,421	
Delinquent Tax		16,520	
Legal Process Tax		23,523	
Affordable Housing Trust		41,124	\$ 1,935,746

Payments to Fiscal Court:

Tangible Personal Property Tax		93,464	
Delinquent Tax		12,650	
Deed Transfer Tax		42,541	
Occupational Licenses		1,150	149,805

Payments to Other Districts:

Tangible Personal Property Tax		610,134	
Delinquent Tax		62,981	673,115

Payments to Sheriff

1,100

Payments to County Attorney

20,272

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries		138,226	
--------------------	--	---------	--

Contracted Services-

Indexing and Maintenance		2,700	
Printing and Binding		4,128	

Materials and Supplies-

Office Supplies		2,508	
-----------------	--	-------	--

Other Charges-

Conventions and Travel		4,723	
Dues		1,100	
Postage		35	
Credit Card Fees		391	
Refunds		2,703	

The accompanying notes are an integral part of this financial statement.

WAYNE COUNTY
MELISSA TURPIN, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2007
(Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Other Charges- (Continued)

Returned Checks	\$	23	
Miscellaneous		265	
Auto Expenses-			
Mileage		755	
Capital Outlay-			
Office Equipment		<u>5,061</u>	\$ 162,618

Debt Service:

Lease Purchases		<u>3,460</u>
-----------------	--	--------------

Total Expenditures		2,946,116
--------------------	--	-----------

Less: Disallowed Expenditure		<u>560</u>
------------------------------	--	------------

Total Allowable Expenditures		<u>2,945,556</u>
------------------------------	--	------------------

Net Revenues		280,943
--------------	--	---------

Less: Statutory Maximum	68,578	
Expense Allowance	3,600	
Training Incentive Benefit	<u>846</u>	<u>73,024</u>

Excess Fees Due County for 2007		207,919
---------------------------------	--	---------

Payment to Fiscal Court - February 14, 2008		<u>207,359</u>
---	--	----------------

Balance Due Fiscal Court		<u>\$ 560</u>
--------------------------	--	---------------

The accompanying notes are an integral part of this financial statement.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2007

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2007 services
- Reimbursements for 2007 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2007

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

WAYNE COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2007
 (Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.19 percent for the first six months and 16.17 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Wayne County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Wayne County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2007, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of May 9, 2007, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the County Clerk's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$15,426

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2007
(Continued)

Note 4. Lease

The office of the County Clerk was committed to a lease agreement with Xerox for a copier. The agreement requires a monthly payment of \$288 for 60 months to be completed on July 13, 2008. The total balance of the agreement was \$2,018 as of December 31, 2007.

Note 5. Subsequent Events

During the audit, we reviewed of the 2008 receipt ledger and deposits and discovered that \$87,056 of 2008 funds had been deposited into the 2007 fee account. These funds will be due back to the 2008 fee account causing a deficit of \$87,056 in the 2007 fee account.

WAYNE COUNTY
MELISSA TURPIN, COUNTY CLERK
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS - REGULATORY BASIS

December 31, 2007

Assets

Cash in Bank	\$ 237,898
Deposits in Transit	121,666
Receivables	<u>7,086</u>
Total Assets	366,650

Liabilities

Paid Obligations:

Outstanding Checks	\$ 14,151
--------------------	-----------

Liabilities:

Usage Tax	\$ 298	
Tangible Personal Property Tax	113,788	
Fish and Game Licenses	148	
Legal Process Tax	1,867	
Deed Tax	10,040	
Delinquent Tax	495	
Excess Fees - 2007	207,359	
Transfers To 2008 Fee Account	5,675	
Occupational License	109	
Affordable Housing	10,914	
Office Supplies and Printing	538	
Bank Charges	45	
Credit Card Fees	162	
Returned Checks	<u>482</u>	351,920

Unpaid Obligations:

2008 Receipts Due Back To 2008 Fee Account	87,056	
Remaining Excess Fees Due To Fiscal Court	560	
Interest Due To Fiscal Court	<u>19</u>	<u>87,635</u>

Total Liabilities	<u>453,706</u>
-------------------	----------------

Total Fund Deficit as of December 31, 2007	<u><u>\$ (87,056)</u></u>
--	---------------------------

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Greg Rankin, Wayne County Judge/Executive
The Honorable Melissa Turpin, Wayne County Clerk
Members of the Wayne County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Wayne County Clerk for the year ended December 31, 2007, and have issued our report thereon dated August 5, 2008. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying comments and recommendations as items 2007-01 and 2007-02 to be significant deficiencies in internal control over financial reporting.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Wayne County Clerk's financial statement for the year ended December 31, 2007, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2007-03, 2007-04, 2007-05, and 2007-06.

The Wayne County Clerk's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the County Clerk's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Wayne County Fiscal Court, and the Department For Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

August 5, 2008

COMMENTS AND RECOMMENDATIONS

WAYNE COUNTY
MELISSA TURPIN, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2007

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:

2007-01 The County Clerk's Office Lacks Adequate Segregation Of Duties

The County Clerk's office has a lack of segregation of duties over receipts and disbursements. The County Clerk receives monies, prepares the daily checkout sheet, makes deposits, prepares and signs all checks, performs monthly bank reconciliations, and prepares the financial statements. When preparing the daily checkout sheet she stated that if the deposits did not match the daily checkout sheet she assumed the difference was a charge and indicated it as a charge on the daily checkout without verification. The bookkeeper posts all receipts from the daily checkout sheet and all disbursements from the canceled checks and bank statements to the ledgers. However, the County Clerk stated the computerized disbursements ledger could not be relied upon due to the bookkeeper posting numerous receipts and disbursements in an uncategorized account. Therefore, the County Clerk manually recalculated the disbursements to complete the 4th quarter financial statement. Adequate segregation of duties would prevent the same person from having a significant roll in the receiving, processing, recording, and reporting of receipts and disbursements. The County Clerk should strengthen internal controls by either segregating the duties or by implementing and documenting compensating controls. Examples of compensating controls include, but are not limited to, routinely reviewing daily checkout procedures for accuracy, verifying all charges, performing bank reconciliations, and ensuring that financial statements are accurate. The County Clerk should document the review process by initialing reports and supporting documentation.

County Clerk's Response: To correct the segregation of duties, each employee is rotating doing the deposits. Different clerks are doing the daily checkout sheets. Another clerk takes the money to the bank. Each clerk initials each step they do. To correct computer problem, I have hired a CPA to do the bookkeeping in the computer.

2007-02 The County Clerk Should Improve Recordkeeping

We noted the following control deficiencies during our review of internal controls and testing.

- Invoices were not properly canceled to prevent duplicate payment. We recommend the County Clerk write date paid on every invoice with the check number.
- The bank does not provide copies of back of checks. We recommend the County Clerk contact the bank to request copies of back of checks.
- Copies, not originals, of invoices were used to make disbursements. We recommend the County Clerk require original invoices before making disbursements.

County Clerk's Response: Now we have a stamp and all invoices are stamped with date and check number. Now the banks send back of checks (I was unaware that I needed the back of checks). Now we only pay original invoices.

WAYNE COUNTY
MELISSA TURPIN, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2007
(Continued)

STATE LAWS AND REGULATIONS:

2007-03 The County Clerk Should Eliminate The Deficit of \$87,056 With Personal Funds

During the testing of receipts, we noted that the receipt forms are batched daily and posted to a daily checkout sheet. However, there were one hundred sixty four (164) instances where the daily checkout sheet totals were more than the daily bank deposits made by the County Clerk, reflecting undeposited receipts. In one hundred thirty six (136) instances, the County Clerk noted on the daily checkout sheets that the reasons for the deposited amounts not agreeing were that customers had charged transactions for those days. The County Clerk stated that when the deposits were less than the daily checkout sheet total she believed, without verifying, the shortage was due to charges. We recapped each daily checkout sheet and compared to each daily deposit and concluded there was a total of \$87,056 of undeposited receipts throughout the year. After the County Clerk compiled the financial statement, she said the amount due the Fiscal Court in excess fees was more than the amount of cash left in the County Clerk's 2007 fee account, so she transferred the money from 2008 fees. Auditors noted that subsequent to December 2007 there were deposits of \$87,056 to the 2007 account. We reviewed the January and February 2008 checkout sheets and deposits, noting that the money deposited into the 2007 fee account was from 2008 receipts. This amount was subsequently turned over to the fiscal court as part of excess fees for 2007 and is due back to the 2008 fee account. We recommend the County Clerk reimburse the 2008 fee account in the amount of \$87,056 with personal funds. We are referring this matter to the Attorney General.

County Clerk's Response: Procedures have been placed so that the 2008 audit will not have these same occurrences.

2007-04 The County Clerk Should Properly Account For Receivables

During the course of our audit, we noted that the County Clerk allegedly allowed customers to charge a total of \$290,674 for services rendered by the County Clerk's office. The County Clerk stated she maintained a journal for the charges, but when the charges were paid the records were destroyed and the County Clerk did not make notations indicating when or if the charges were paid on subsequent days. As a result, we examined and reviewed each daily checkout sheet for 2007 and documented all days that the checkout sheet indicated charged amounts. KRS 43.075 states "each person performing an audit shall determine whether the fiscal court or county official is complying with the requirements of the uniform system of accounts adopted under KRS 68.210, whether there is accurate recording of receipts by source and expenditures by payee, and whether or not each official is complying with all other legal requirements relating to the management of public funds by his office." We recommend the County Clerk maintain a complete and detailed ledger for all customer charges for services rendered by the County Clerk's office. We also recommend the County Clerk ensure that all accounts are paid in full by year-end.

County Clerk's Response: After being notified by the auditors in July 2008, all accounts receivables are being lodged for record and all paperwork is being retained in the office. Also, there are only governmental agencies that are allowed to charge in the office as of August 1, 2008.

WAYNE COUNTY
MELISSA TURPIN, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2007
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2007-05 The County Clerk's Expenditures Should Be Reasonable And Necessary

During our testing of expenditures, we noted one instance of an expenditure that was not reasonable or necessary to the operation of the County Clerk's office. The County Clerk purchased 5,000 Value paper jackets for customers totaling \$560. According to the case of Funk v. Milliken, 317 S.W.2d499 (Ky. 1958), expenditures claimed by a fee officer must be reasonable and necessary to the operation of their office in order to be allowable. We recommend that the County Clerk reimburse the fee account \$560 from personal funds for the disallowed expenditures.

County Clerk's Response: I was under the understanding this was an allowable expense, but after being told by the auditors I have paid \$560 to the WC Fiscal Ct. This mistake was done without any intent of fraud.

2007-06 The County Clerk Should Deposit Revenues Intact Daily

The County Clerk's receipts ledger did not agree with the daily checkout sheets and bank deposits. During the course of the audit, we noted that the amount recorded on the daily checkout sheet did not always agree to the bank deposit records. There were one hundred sixty four (164) instances where the daily checkout sheet totals were more than the daily bank deposits made by the County Clerk, reflecting undeposited receipts. The Department For Local Government was given the authority by KRS 68.210 to prescribe a uniform system of accounts. KRS 68.210 outlines minimum requirements for all local government officials (and employees), which includes, but is not limited to, daily deposits being made intact into a federally insured banking institution. We recommend the County Clerk take the steps necessary to be in compliance with KRS 68.210.

County Clerk's Response: After being notified by the auditors, all daily checkout sheets match the deposits and if for any reason they do not, a reason is noted on the checkout sheet and deposit ticket.

